

Pam-misc. 1532

The HIGH COST OF MONEY

*A Problem of
Missionary
Finance*

By
GEORGE B. HUNTINGTON
Associate Secretary



AMERICAN BAPTIST FOREIGN
MISSION SOCIETY

FORD BUILDING, ASHBURTON PLACE

BOSTON, MASS.

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ONE of the largest items of increased cost in foreign mission work resulting from the war is the unfavorable exchange prevailing in several of the mission fields. The money appropriated by the Board of the American Baptist Foreign Mission Society for expenditure on the foreign field must for the most part be exchanged into local currency, e.g., a missionary's salary is appropriated in gold dollars but he must exchange it into rupees in India, into yen in Japan, into Mexican dollars or other Chinese currency in China. In countries which are upon a gold basis, such as Japan or Belgian-Congo, this transfer from American gold or drafts is a comparatively simple operation, with only slight variations in the cost of exchange. In countries

that are upon a silver basis, however, such as China and India, this matter of exchange is complicated by the rise and fall in the value of silver, and it becomes a much more serious problem.

Since the outbreak of the war the price of silver has been subject to wide and frequent fluctuations. For several years previous to 1914 the value of the Mexican dollar (silver) in Shanghai was relatively stable at about 47c gold. In the early days of the war silver depreciated so that the Mexican dollar sold for as low as 40c gold, while in recent months the value of silver has risen so that a Mexican dollar has been worth as much as eighty or ninety cents gold and, for a short time, even as much as \$1.00 gold. During the early part of 1917 it was estimated that the average price of the Mexican dollar was about $62\frac{1}{2}$ c gold, while during the latter months of the year the average was nearer 70c gold.

The significance of these variations of exchange can best be appre-

ciated by illustration. The sum of \$100 appropriated in gold toward a missionary's salary or work in China, with the Mexican dollar at the normal rate of 47c gold, would yield an equivalent of \$213 Mexican; at 62½c it would yield \$160 Mexican; at 75c it would yield only \$133 Mexican. Since there has been no compensating decrease in the cost of supplies as silver has advanced, but rather an increase, and since the salary at normal exchange is calculated to provide only the necessary living expenses of the missionary, it is not difficult to appreciate his embarrassment at finding his salary suddenly reduced by one-fifth or even two-fifths.

Practically all of the larger foreign missionary societies having work in China have recognized the necessity of protecting the missionary against this decrease in the purchasing power of his salary, and in common with others the Board of Managers of the American Baptist Foreign Mission Society has adopted the policy of guaranteeing to each mis-

sionary in China the equivalent of two Mexican dollars for every dollar of his salary in gold. With the Mexican dollar at $62\frac{1}{2}$ c every \$200 Mexican would cost the Society \$125 gold or an increase of 25% over the normal basis of calculating exchange. Appropriations for the missionary's work are made in Mexican dollars, and the Board is compelled to meet a similar increase in guaranteeing these appropriations undiminished.

The situation in India, also on a silver basis, is developing along similar lines although the stabilizing influence of the British Government has prevented such extreme fluctuations in the value of silver as have taken place in China. The unit of currency in India is the silver rupee which is normally worth approximately 33.3c. Advice received from the mission treasurers in India towards the close of 1917 indicated that the rupee was bringing from 34.5c to 35.7c. For many years past the missionaries' salaries in India have been guaranteed on a

fixed basis of 308 rupees for \$100, or at the rate of 32.5c to the rupee. While the Missionaries are fully protected under this arrangement it is evident that, just as in the case of China, it will cost the Society considerably more to pay the salaries at the present price of the rupee. For example, with the rupee worth 35.7c every 308 rupees will cost the Society \$109.96 or an increase of practically 10%. Since the appropriations for mission work are made to the Indian missionaries in rupees the loss to the Society is slightly less, representing the difference between the normal rate of 33.3c and 35.7c to the rupee, or approximately 7%.

It is when these principles are applied to the appropriations of the Society in the large that the very substantial increase in cost appears. The annual appropriations for missionaries' salaries and work in China amount approximately to \$114,000 and in British India to a little more than \$290,000. The following table will show the additional expense for

the current year 1917-18 and for the next year 1918-19, according to the most careful estimate possible in December when the figures were prepared. Latest reports indicate that this estimate for 1918-19 is exceedingly conservative and may have to be materially increased.

BUDGET OF 1917-1918 —
CHINA MISSIONS

Additional for salaries	\$20,000
Additional for Mission work	14,000
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Total estimated increase for 1917-1918	\$34,000

BUDGET OF 1918-1919 —
CHINA MISSIONS

Additional for salaries	\$34,433
Additional for Mission work	16,426
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	\$50,859

BRITISH INDIA MISSIONS

Additional for salaries	\$15,320
Additional for Mission work	9,937
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	\$25,257
Total estimated increase for 1918-1919	\$76,116

FOR a list of needs or information regarding any form of gift to the Society, write to:

J. Y. AITCHISON,
Home Secretary,
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